

Message Text

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PAGE 01 BONN 12445 01 OF 03 071450Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----045845 071452Z /41
O O 071434Z JUL 78 ZFF 4
FM AMEMBASSY BONN
TO SECSTATE WASHDC NIACT IMMEDIATE 9992
INFO SECDEF WASHDC IMMEDIATE
SECARMY WASHDC IMMEDIATE
USCINCEUR VAIHINGEN GE PRIORITY
OSD WASHDC PRIORITY
USNMR SHAPE PRIORITY
USMISSION USNATO PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 BONN 12445

EXDIS

FOR IMMEDIATE ATTN OF EUR/CE: KLINGAMAN/CASAGRANDE
MILITARY ADDRESSEES TREAT AS SPECATT EXCLUSIVE
SECDEF FOR DINEEN
SECARMY FOR LA BERGE AND MULLALLY
EUCOM FOR ECLA
OSD FOR AMB KOMER

E.O. 11652: GDS
TAGS: MPOL, ETEL, MARR, US, GW, OVIP (CARTER, JIMMY)
SUBJECT: PRESIDENTIAL VISIT TO FRG: EUROPEAN TELEPHONE
SYSTEM

REFS: (A) BONN 12401
(B) BONN 12295 (PARAS 10 AND 20)
(C) CINCEUR DTG 221908Z JUN 78
(D) USNATO 6492 (PARA 4)
(E) BONN 11635
(F) BONN 11474
(G) KLINGAMAN-CASAGRANDE-PFUND TELECON, JULY 6.

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1. AS INDICATED IN REFTEL A, THERE APPEARS TO BE
PROGRESS IN TERMS OF WORKING ATMOSPHERE AND MOVEMENT
TOWARD RESOLUTION OF THE COMMON SENDING STATES PROBLEMS
WITH THE FRG BUNDESPOST AND ITS MINISTRY (SEE REFTEL C).

2. THE EMBASSY WILL BE REPORTING SHORTLY IN SOME

DETAIL ON A MEETING JUNE 27 OF EMBASSY AND US FORCES REPS WITH THE FRG FOREIGN OFFICE AND BUNDESPOST MINISTRY (BPM) ON THE RHEIN/MAIN AIR BASE PBX PROBLEM. WE BELIEVE IT WAS VERY HELPFUL THAT DURING THE MORNING OF JUNE 27, EUCOM FLEW REPS OF THE FOREIGN OFFICE (RUMPF, LEGAL SECTION, AND VON NORDENSKJOELD, NATO DESK) AND

THE BPM (ADELMANN) TO RHEIN/MAIN WITH EMBASSY OFFICERS TO SEE THE \$2 MILLION FACILITY, COMPLETED ONE YEAR AGO AND SO FAR ENTIRELY NON-OPERATIONAL.

3. AT THE MEETING DURING THE AFTERNOON OF JUNE 27, IT BECAME CLEAR THAT THE FOREIGN OFFICE WILL BE PUTTING PRESSURE ON THE BPM TO MAKE A PROPOSAL THAT COULD RESOLVE THE RHEIN/MAIN PROBLEM AND POSSIBLY THE IMPENDING SIMILAR PROBLEM AT GARLSTEDT, MOST LIKELY ON A NON-PRECEDENT AND ONE-TIME BASIS. WHILE A PROPOSAL FOR RESOLUTION OF THE PROBLEM WAS ADVANCED BY THE FOREIGN OFFICE REPS, THOUGH NOT PREVIOUSLY CLEARED WITHIN THE BPM, THE TENDENCY WAS ALWAYS FOR THE PRAGMATIC SOLUTION SOUGHT TO RUN UP AFTER HOOK-UP OF THE PBX AND A JOINT US/GERMAN INSPECTION OF SOME ON BASE PHONES AGAINST THE LEGAL POSITIONS THAT WOULD BE RESERVED BY BOTH SIDES. THE US SIDE THEREUPON SUGGESTED EARLY SUBMISSION TO THE EMBASSY BY THE GERMAN SIDE OF A FULLY CLEARED PROPOSAL FOR EXAMINATION BY THE US SIDE AND ACCEPTANCE
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OR DISCUSSION. WE POINTED OUT, HOWEVER, THAT SUCH A

PRAGMATIC SOLUTION SHOULD BE GENUINELY THAT, AND NOT AN ILLUSORY SOLUTION ONLY POSTPONING THE LEGAL PROBLEMS FOR A DISPUTE AFTER THE RHEIN/MAIN PBX HOOK-UP AND INSPECTION OF SOME ON-BASE PHONES.

4. THE ONLY MATTER ON WHICH NO PROGRESS BY THE BPM TOWARD THE US POSITION IS DISCERNIBLE, IS THE EUROPEAN TELEPHONE SYSTEM (ETS). MEETINGS HAVE TAKEN PLACE ON THIS MATTER AT THE MINISTER LEVEL (BROWN/APEL), ARMY UNDERSECRETARY-STATE SECRETARY LEVEL (LABERGE/ELIAS), AND EMBASSY COUNSELOR-STATE SECRETARY LEVEL (YORK-ELIAS, SMYSER-SCHNELL). SENATOR ROBERT BYRD MENTIONED THIS MATTER TO MINISTER APEL (REFTEL B) AND CONGRESSMAN DANIEL MENTIONED IT TO FMOD STATE SECRETARY SCHNELL ON JULY 7. WE UNDERSTAND THAT A MEETING OF US AND BPM EXPERTS WILL TAKE PLACE SHORTLY TO EXAMINE HOW IT IS POSSIBLE FOR THE US-SUPPLIED TANDEM AND INTERMEDIATE SWITCHING EQUIPMENT TO COST ONLY \$17 MILLION, WHEREAS THE BPM-SUPPLIED PBX'S FOR 121 END-OFFICES WOULD COST SO MUCH MORE THAN COMPARABLE US-SUPPLIED PBX'S. WE

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----045979 071505Z /45

O O 071434Z JUL 78 ZFF 4
FM AMEMBASSY BONN
TO SECSTATE WASHDC NIACT IMMEDIATE 9993
INFO SECDEF WASHDC IMMEDIATE
SECARMY WASHDC IMMEDIATE
USCINCEUR VAIHINGEN GE PRIORITY
OSD WASHDC PRIORITY
USNMR SHAPE PRIORITY
USMISSION USNATO PRIORITY

C O N F I D E N T I A L SECTION 02 OF 03 BONN 12445

EXDIS

UNDERSTAND FURTHER THAT THE EXPERTS WILL ALSO EXAMINE
WHAT WOULD BE REQUIRED FOR THE US-SUPPLIED SWITCHES
MORE FULLY TO MEET THE SPECIFICATIONS OF THE BPM IN
ORDER TO ENHANCE THEIR TECHNICAL AND OPERATIONAL
COMPATABILITY IN GERMAN EYES.

5. THE ABSENCE OF PROGRESS TOWARD MORE REASONABLE COSTS
FOR GERMAN EQUIPMENT, AND BPM INSISTENCE THAT FRG
REGULATIONS APPLY TO THE ETS (AND ALL INDIVIDUAL PHONES
INTERCONNECTABLE TO THE GERMAN NETWORK) BECAUSE BY
REASON OF THAT INTERCONNECTABILITY THE SYSTEM HAS BECOME A PART
OF THE GERMAN SYSTEM, DESPITE THE TEXT OF ARTICLES
60(1) AND (7) OF THE SUPPLEMENTARY AGREEMENT TO THE
NATO SOFA, LEAD US TO BELIEVE THAT WE WILL CONTINUE
TO FACE A VERY TOUGH BPM POSITION. THE BPM IS THE
COMPETENT MINISTRY CONCERNING INTERCONNECTION OF FORCES'
TELEPHONES WITH THE GERMAN NETWORK AND IT IS APPARENTLY
NOT INTERESTED IN THE BROADER CONTEXT OF THE LABERGE
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PROCUREMENT PROPOSAL, NOR IS IT INTERESTED IN THE FACT THAT OUR GERMAN PROCUREMENT PROPOSAL MUST BE IN A FORM

AND UNDER CONDITIONS ACCEPTABLE TO THE US CONGRESS, PARTICULARLY IN LIGHT OF THE RHEIN/MAIN PBX PROBLEM.

6. IN VIEW OF THE FACTORS MENTIONED IN THE PREVIOUS PARA, THE EMBASSY BELIEVES THAT IT WOULD BE HELPFUL IF THE PRESIDENT HIMSELF WOULD MAKE BRIEF MENTION OF THIS PROBLEM TO CHANCELLOR SCHMIDT. THE PRESIDENT COULD, IN PARTICULAR, EMPHASIZE THE BROADER CONTEXT (TWO-WAY STREET) IN WHICH OUR PROPOSAL TO PROCURE GERMAN EQUIPMENT WAS MADE. IN THIS WAY THE INTERESTS IN THIS MATTER OF OTHER MINISTRIES (FMOD, FONOFF) WOULD BE SUGGESTED.

7. WE SUGGEST BELOW FOR CONSIDERATION BY THE DEPARTMENT THE TEXT OF A BRIEFING OR BACKGROUND PAPER FOR THE PRESIDENT WITH ATTACHED TALKING POINTS.

8. BEGIN TEXT: THE DEPARTMENT OF THE ARMY ORIGINALLY PROPOSED TO PURCHASE ENTIRELY AMERICAN EQUIPMENT FOR THE REPLACEMENT OF THE OUTDATED SWITCHING EQUIPMENT

USED IN THE US MILITARY TELEPHONE NETWORK IN THE FRG. AS THE RESULT OF GERMAN POSTAL MINISTRY (BPM) INSISTENCE THAT ALL SUCH EQUIPMENT CONNECTABLE TO THE GERMAN PHONE NETWORK CONFORM TO GERMAN SPECIFICATIONS, THE ARMY HAS PROPOSED TO THE FRG GOVERNMENT A COMPROMISE. UNDER THIS COMPROMISE THE ARMY WOULD PURCHASE APPROXIMATELY \$73 MILLION OF GERMAN TELEPHONE SWITCHING EQUIPMENT TO REPLACE SUCH EQUIPMENT CURRENTLY IN USE. UNDER THE ARMY PROPOSAL THE REMAINING SWITCHING EQUIPMENT
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MENT REQUIRED FOR THE NEW "EUROPEAN TELEPHONE SYSTEM" (ETS), WORTH ABOUT \$17 MILLION, WOULD BE PURCHASED COMPETITIVELY AND THUS MOST LIKELY FROM US SUPPLIERS.

SINCE ITS COMPLETION IN MID-1977, BPM HAS NOT PERMITTED THE OPERATION AND HOOK-UP TO THE GERMAN TELEPHONE NETWORK OF A NEW GERMAN-SUPPLIED \$2 MILLION TELEPHONE SWITCHING FACILITY FOR OUR AIRBASE AT RHEIN/MAIN. THE DISPUTE INVOLVING TREATY INTERPRETATION WHICH IS AT THE HEART OF THAT PROBLEM FORMS PART OF THE BACKGROUND FOR A NUMBER OF CONDITIONS INCLUDED IN THE ARMY'S

OFFER TO BUY GERMAN EQUIPMENT FOR THE NEW ETS. THESE
CONDITIONS SEEK TO ENSURE THAT:

1. THE US MILITARY ETS WILL NOT BE SUBJECT TO
BPM REGULATIONS THAT WOULD REQUIRE REPLACEMENT OF
FUNCTIONING US TELEPHONE EQUIPMENT COMPATIBLE AND
PRESENTLY CONNECTED TO THE GERMAN NETWORK.

2. THE BPM WOULD NOT, AS IT HAS AT RHEIN/MAIN,
BLOCK OPERATION OF ANY PART OF THE NEW ETS IF DISPUTES
SHOULD ARISE; AND

3. THE COST OF GERMAN EQUIPMENT BEARS SOME
RELATIONSHIP TO THE COST OF COMPARABLE US EQUIPMENT.

AS A RESULT OF TALKS BETWEEN SECRETARY BROWN AND
MINISTER APEL AND AT OTHER LEVELS, THE FRG DEFENSE
MINISTRY AND ALSO, WE BELIEVE, THE FRG FOREIGN OFFICE
SEE THE US ETS PROCUREMENT PROPOSAL IN THE CONTEXT
OF THE SUBSTANTIAL FRG CONTRIBUTION TOWARD THE PURCHASE

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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FM AMEMBASSY BONN
TO SECSTATE WASHDC NIACT IMMEDIATE 9994
INFO SECDEF WASHDC IMMEDIATE
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USCINCEUR VAIHINGEN GE PRIORITY
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USMISSION USNATO PRIORITY

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EXDIS

FOR NATO OF THE US-SUPPLIED AWACS AND THE FRG
EXPECTATIONS OF COMPLEMENTARY US PROCUREMENT OF GERMAN

MILITARY EQUIPMENT ("TWO-WAY STREET"). HOWEVER, THE BPM HAS REMAINED ADAMANT IN ITS VIEW THAT US AND GERMAN EQUIPMENT CANNOT SUCCESSFULLY OR ACCEPTABLY BE MIXED IN THE ETS, ALTHOUGH US TECHNICIANS DO NOT AGREE. THE BPM ALSO MAINTAINS THAT GERMAN REGULATIONS AND SPECIFICATIONS WILL APPLY TO THE ETS AND ALL EQUIPMENT WITHIN IT TO BE CONNECTED TO THE GERMAN NETWORK. FINALLY, THE STATED COST OF GERMAN SWITCHING EQUIPMENT REMAINS MUCH HIGHER THAN THE COST OF COMPARABLE US EQUIPMENT.

WERE THE BPM POSITION TO PREVAIL, ONLY EQUIPMENT MEETING GERMAN SPECIFICATIONS (I.E. GERMAN EQUIPMENT OR EQUIPMENT SPECIALLY MANUFACTURED TO CONFORM TO GERMAN SPECIFICATION) COULD BE USED FOR THE ETS, AND THE US FORCES WOULD NEED UNNECESSARILY TO REPLACE
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FUNCTIONING US TELEPHONE EQUIPMENT AT CONSIDERABLE COST. IT IS CONSIDERED UNLIKELY THAT THE US CONGRESS

WOULD APPROVE A NEW ETS UNDER THESE CONDITIONS.

AS THE FRG DEFENSE MINISTRY AND FOREIGN OFFICE ARE THE FORMAL EQUALS OF THE BPM, THEY WILL BE ABLE EFFECTIVELY TO SUPPORT A RESOLUTION OF THIS PROBLEM SATISFACTORY TO THE US GOVERNMENT ONLY IF THE MATTER IS FORMALLY RAISED TO THE FRG CABINET LEVEL FOR DECISION BY CHANCELLOR SCHMIDT. WERE THE PRESIDENT TO RAISE THIS ISSUE WITH THE CHANCELLOR, A REVIEW OF THIS MATTER IN THE FRG CABINET AND IN ITS BROADER CONTEXT WOULD BE ENSURED.

SUGGESTED TALKING POINTS FOR THE PRESIDENT VIS-A-VIS CHANCELLOR SCHMIDT

-- I UNDERSTAND THAT IN THE \$100 MILLION PROJECT TO REPLACE THE US MILITARY EUROPEAN TELECOMMUNICATIONS SYSTEM IN THE FRG WE ARE RUNNING UP AGAINST YOUR BUNDESPOST MINISTRY. THAT MINISTRY INSISTS THAT THE UNITED STATES PURCHASE FROM GERMAN SUPPLIERS NOT ONLY

ALL NEW SWITCHING EQUIPMENT REQUIRED FOR THE SYSTEM BUT ALSO NEW ON-BASE TELEPHONES CONFORMING TO BUNDESPOST REGULATIONS. TO SHOW OUR GOOD WILL, WE PROPOSED A COMPROMISE UNDER WHICH WE WOULD PURCHASE ABOUT \$73 MILLION OF GERMAN SWITCHING EQUIPMENT AND REPLACE OUR TELEPHONES WITH GERMAN TELEPHONES AS THEY WEAR OUT. THIS WILLINGNESS IS A PART OF THE UNITED STATES' EFFORT IN OUR COMMON INTEREST TO MAKE THE PURCHASE OF

MILITARY EQUIPMENT LESS OF A ONE-WAY STREET.

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--I HOPE THAT YOU WILL LOOK INTO THIS BECAUSE I
BELIEVE THE MATTER SHOULD BE VIEWED ON THE BASIS OF
OUR COMMON POLITICAL INTERESTS RATHER THAN MERELY
AS A PURELY COMMERCIAL OR LEGAL MATTER.

--IT WOULD THEREFORE BE USEFUL FOR RESOLUTION
OF THIS PROBLEM IF OUR EXPERTS AND NEGOTIATORS TOOK
INTO ACCOUNT THE BROADER PURPOSE OF THE PROCUREMENT
PROPOSAL WE ARE MAKING.

END TEXT. STOESSEL

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Message Attributes

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TAGS: MPOL, ETEL, MARR, OVIP, US, GE, (CARTER, JIMMY)
To: STATE
Type: TE
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